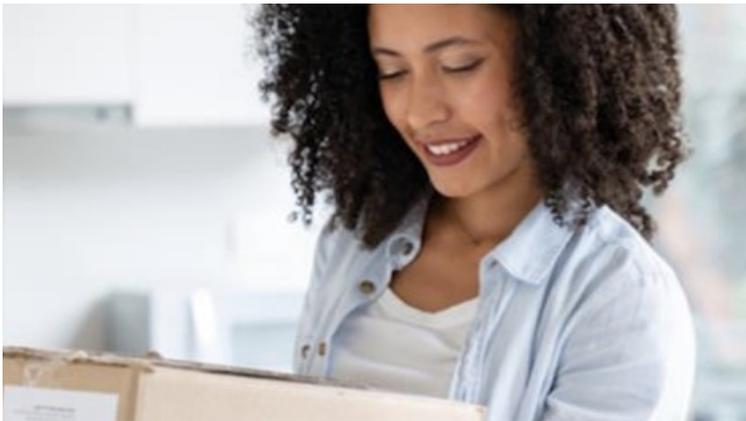


MARKETING

Luxury brands must transform to meet new consumer needs

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Accenture's new report is titled, "COVID-19 is reshaping the Consumer Goods Industry." Image credit: Accenture

By DIANNA DILWORTH

The COVID-19 pandemic has transformed the consumer goods industry, and luxury brands that want to succeed in the new normal should be agile and data-driven to reinvent themselves based on consumer needs.

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The pandemic is changing how consumers see the world and this new perspective is driving their purchase decisions. For instance, while sustainability has been important in recent times, it has grown even more important, with 62 percent of consumers saying the pandemic will increase their focus on the environment.

"We anticipate that this attitude is also reflected among consumers of luxury products," said Mark Curtis, head of innovation at Accenture Interactive, London.

"As consumers postpone purchase decisions in many categories due to uncertainty, brands must effectively convey their commitment to any and all sustainability measures embedded in both their corporate culture and products," he said.

Empathize, adapt and reinvent

These uncertain times have led to behavioral shifts that have consumers transforming their relationships, engagement, habits and expectations from brands.

Some consumers are going online for the first time, others are shopping new categories online and some digital natives have had to go into stores for pickups.

Consumer expectations from brands are increasing and companies that can empathize with consumers, adapt and reinvent themselves based on the needs of the times will do better, according to [Accenture's report](#).

"We know companies can no longer merely provide a product or service," Mr. Curtis said. "Their power and reach driven by the pursuit of growth means consumers see them as responsible for answering tough questions related to overall purpose on matters of societal, economic and environmental progress.

"In order to account for consumers' increased scrutiny of their brands and empathize, adapt and reinvent, we would

suggest that leaders take a clear and purposeful stand," he said.

Specifically, brand leaders should seek to expand their purpose (for example, via charitable initiatives or social statements), meet consumer needs (such as accounting for the fact that consumers are experiencing elevated levels of anxiety and uncertainty), stay relevant as consumption changes (discern which consumer change are permanent and which will change post-pandemic), and take thoughtful action (such as responding quickly to keep consumers and employees safe), Mr. Curtis said.



Accenture's latest report explores how the pandemic is accelerating digital shopping. Image credit: Accenture

Digital acceleration

Store closures have led brands to accelerate their already growing digital programs. The pandemic has driven this forward.

There has been a significant shift toward digital in the wake of store closures. The Accenture report found a 160 percent increase in expected in ecommerce purchases from new or low frequency users. Fifty-one percent of consumers are using in-app ordering, 45 percent home delivery and 42 percent curbside pickup.

"Consumers have also increased the use of omnichannel services such as home delivery, chat features and virtual consultations, and are highly likely to continue using these in the future," Mr. Curtis said. "Some consumer goods companies have brought in-store beauty services online, where personalized consultations are available.

"With all of this in mind, companies need to substantially improve their omnichannel capabilities to accommodate these new preferences," he said.

Marketing will play a significant role in communicating new services and options that brands are providing these days. Messaging should strike the right tone to ensure that consumers feel that brands are being sensitive to their needs.

"Companies will need to focus on reassurance and confidence-building through the consideration of the cost of confidence' the investment needed to provide customers with reassurance," Mr. Curtis said. "Factors will vary by what the specific brand has to offer but might include cleanliness, timeliness or ethical sourcing.

"We also know the familiar will be more valuable," he said.

"In seeking out the familiar, risk will be less tolerable to most consumers and new social circles may arise based on attitudes to risk. For example, some people may prefer to socialize with others who share the same cautious or intrepid attitudes. Brands need to take note of these affiliations and decide where they stand."



Mark Curtis is cofounder/chief client officer of Fjord at Accenture. Image credit: Accenture

Business outlook

The business experience will fundamentally change as COVID-19 has forever altered the experience of being a customer, employee, citizen and person.

"From a consumer perspective, things like frequent handwashing and working from home are likely to persist well beyond the pandemic," Mr. Curtis said.

"From a business experience perspective, brands will need to grapple with how the value and notion of real' may shift or change dramatically," he said. "For example, will "virtual" content or experience virtual arts, or virtual commerce increase in value over physical? Could virtual routines 'exercising virtually, for example develop supplementing physical routines, such as gym visits?"

For instance, at the peak of the epidemic in Italy, yoga classes went online and technology companies were quickly able to adapt to this new demand and scale to support virtual interactions.

"To address these potential changes, we suggest that brand leaders consider running a content audit assessment, adapting their channel strategy, shift customer connections online, collaborate virtually and redefine their approach to experiences," Mr. Curtis said.

"To prepare for a post-pandemic world, it will be critical for brand leaders to first articulate their strategy, develop immersive strategies, and invest in augmented/virtual reality and spaces," he said.

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